



Portfolio News

A quarterly update from Cambridge Capital Management Corp.™
professional manager of non-traditional financing sources

Cambridge Capital
Management Corp.

Third Quarter 2011

Record low interest rates on SBA 504 loans are good for small businesses

Amid all the other economic news, there was a promising development in the SBA 504 program in September that deserves attention. The SBA posted record-low interest rates for 504 loans. Perhaps you know a company that took advantage of them. Although those rates (4.7 percent for 20-year fixed rate loans and 3.77 percent for 10-year loans) were for loans that funded in September, these historic low rates indicate that SBA 504 rates should remain very competitive for at least the near future.

Most of you are familiar with the basics of the SBA 504 loans. Borrowers use them to buy owner occupied commercial real estate and long life equipment. Interest rates are for private bond sales to finance the loans. The September rates were the lowest since the program moved to private sales in 1986.

Keep in mind, through September 30, 2012, you can also use 504 funding to refinance existing debt that was used for fixed assets. Call the Indiana Statewide CDC to see if your debt will qualify for the limited time refinancing opportunity.

Wherever the rates go, they are likely to remain very attractive for 20 year, fixed rate

commercial loans, especially when you consider down payments can be as little as 10 percent. For those small businesses that have been considering investing in their own facilities or upgrading their equipment, the next few months are likely to be a great time to become involved with SBA 504 financing.

When these historic low rates are coupled with the surplus of commercial properties on the market, this can be an ideal moment for companies to move from leased facilities to their own buildings with all the benefits of ownership.

The SBA 504 loan program provides long-term, fixed rate financing for small business owners nationwide. Since the program started SBA 504 loans have funded over \$62 billion in loans to over 130,000 small businesses. In turn, those small businesses have created or retained over 2.1 million jobs for the U.S. economy.

The Indiana Statewide CDC has provided more than \$415 million to 955 Indiana companies, creating 26,500 jobs, since it was formed in 1983. Many of you have partnered with the Indiana Statewide CDC in fueling these successes.

Elsewhere in this newsletter, we report some borrowers' feelings about SBA 504 loans. Be sure to read about Lynn Wetzel's auto dealership in Richmond.



He's used SBA 504 financing for three different sales and service locations. He's a believer. Lynn says, "**Any business that does not take advantage of SBA 504 financing is not taking full advantage of what Indiana is doing to help small businesses.**"

These tools are available for all of us to use in boosting local economies across Indiana.

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Indiana Statewide Certified Development Corporation

Third Quarter 2011



Growth in its medical equipment business encouraged Diversified Instrument Services to buy a larger building on the east side of Evansville.

The owners of Diversified Instrument, Don Parsons and David Jensen, doubled the space available for their company's nine technicians, equipment, inventory and trucks with assistance from the SBA 504 loan program through Evansville Commerce Bank and the Indiana Statewide CDC.

Diversified Instrument is a seven-year-old company with two operating divisions: one repairs and calibrates medical equipment used by doctors, nurses, lab techs, dentists and veterinarians. Technicians perform the work in mobile technical workshops and cover an area of about 100 miles around Evansville. The other division, CentrifugeShop.com, sells and services centrifuges for laboratories in the U.S. and Canada.

Parsons says, **"Two characteristics of the SBA 504 program are key for us: we paid 10 percent down for buying real property when 25-30 percent is more common for a conventional loan. And, the portion the SBA carries is a 20-year fixed rate. It allows us to plan ahead. Our payment will be less than our rent in the old space."**

Luke Yaeger of Evansville Commerce Bank says, **"The move by Diversified Instrument jump-started more commercial real estate activity in the area. The SBA 504 is perfect for these loans."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Diversified Instrument Services

Evansville

In participation with

Evansville Commerce Bank

Evansville



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Wetzel Hyundai

Richmond

In participation with

First Bank Richmond

Richmond



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Auto dealer Lynn Wetzel is enthusiastic about SBA 504 loans. He says, **"Any business that does not take advantage of SBA 504 financing is not taking full advantage of what Indiana is doing to help small businesses."** Wetzel owns Wetzel Hyundai in Richmond. He purchased the land and building formerly occupied by Richmond Hyundai with a loan from the SBA 504 program through First Bank, Richmond and the Indiana Statewide CDC. Wetzel Hyundai is on U.S. 40 -- Richmond's main thoroughfare -- and is succeeding for many reasons.

"We built a good reputation by running auto dealerships for the past 14 years in Richmond," says Wetzel. Wetzel's five vehicle sales and service locations include Hyundai, Honda, Chrysler-Jeep, Chevrolet and Ford. They are true family businesses. His daughter, Jera, son Nick and their spouses work in the business along with 160 other employees.

Wetzel has used SBA 504 financing through the Indiana Statewide CDC and local banks for two other dealerships. **"Indiana Statewide CDC helped us get into the business 14 years ago when we opened Wetzel Honda,"** he says.

William Glunt of First Bank says, **"Lynn Wetzel and his whole organization are good people. The SBA 504 program has been a cornerstone of their success, along with their hard work and excellent reputations."**

The "effective" interest rates include the monthly amortization of the notes and the monthly payment of servicing fees.



Effective Interest Rate

2011	10-yr.	20-yr.
July	4.503	5.590
August	—	5.142
September	3.771	4.700

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Leonard Ranieri is a successful restaurant entrepreneur and Rally's is a popular chain of drive-through restaurants known for hamburgers and fries. Although Rally's has more than 800 restaurants across the nation, it had no locations in Richmond. Ranieri lives in Richmond and wanted to open a restaurant there. The match was made with the assistance of SBA 504 financing from First Bank, Richmond and the Indiana Statewide CDC.

"You can't beat the low down payment and low fixed interest rate," says Ranieri. He purchased land and built his Rally's just off I-70 on State Road 27. It was immediately successful from its first day, despite opening amidst a sea of road construction.

About 25 people are employed at the Rally's. Ranieri has since opened a second Rally's location in Richmond.

Laurie Carr of First Bank says, **"The Statewide CDC is great to work with. We went to them to put together the best deal possible for Mr. Ranieri and First Bank. His restaurant is a nice addition to Richmond's north side."**

Ranieri owns a Buffalo Wild Wings restaurant in Richmond and helps the chain find new locations in Indiana. He is also a former executive chef at Richmond's Forest Hills Country Club.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage
& equipment financing for

Rally's
Richmond

In participation with
First Bank Richmond
Richmond



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Max's Place
Bloomington

In participation with
German American Bank
Bloomington



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Management Corp.**

For good pizza, live music and a relaxed atmosphere, Max's Place in Bloomington is a good choice.

Owner Paul Pruitt purchased and renovated the building for Max's Place with assistance from German American Bank and the Indiana Statewide CDC.

Mark Franklin of German American Bank says the bank worked with the Indiana Statewide CDC on SBA 504 financing so that Pruitt could capitalize on the small business lending program while retaining enough cash to start his restaurant. **"The SBA 504 program was perfect for this application,"** says Franklin.

Max's Place serves freshly prepared salads, pizzas cooked in gas-fired brick ovens and a variety of other foods, plus local beers. It employs about 50 people and is located between the IU campus and Bloomington's Courthouse Square.

The administrators of Morristown Manor, a 95-bed skilled nursing facility, saw that they could provide more services -- specifically short term rehabilitation therapy needed by patients recovering from strokes, falls, or elective surgery such as knee or hip replacements.

Greg and Ava Smith and Tina Gruell obtained SBA 504 financing from Shelby County Bank and the Indiana Statewide CDC to build Cypress Run, adjacent to Morristown Manor. Since opening in January, Cypress Run has maintained an average occupancy of 18-22 of its 24 private rooms. **"We thought it would take 18 months to reach that level. It took one month,"** says Associate Administrator Greg Smith.

"We are very pleased with our reception from the public, local doctors and local hospitals," says Smith.

Larry Lux of Shelby County Bank has provided SBA 504 financing to several borrowers. **"It's a great program, and it is perfect for Cypress Run,"** says Lux. **"Starting a rehabilitation facility requires a lot of equipment up front. The SBA 504 loan allowed Cypress Run to fully develop its facility and maintain enough cash to start the business."**

Thirty jobs were added to the Morristown Manor/Cypress Run employment roster, bringing total employment to about 120 people.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage
& equipment financing for

**Cypress Run at
Morristown Manor**
Morristown

In participation with
Shelby County Bank
Shelbyville



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Indiana Statewide Certified Development Corporation

Third Quarter 2011



Bloomington loves the “big ugly burger.”

It’s the taste, not the look, that sells the signature menu item at Bub’s Burgers and Ice Cream across from the Bloomington City Hall.

First Merchants Bank and the Indiana Statewide CDC provided financing from the SBA 504 program for expanding small businesses.

Matt and Rachel Frey know their markets. In opening Bub’s in Bloomington, they are returning to Rachel’s college alma mater. Their first restaurant is in downtown Carmel near Matt’s old high school.

“We like to cook and serve high-quality sandwiches and sides,” says Matt.

“And we have a friendly staff so people will feel welcome and come back and see us.” More than 70 employees feed the burger appetites of IU students and Bloomington locals.

“The 504 program is a tremendous growth engine for small companies,” says Greg Lentz, vice president of First Merchants.

Matt Frey agrees. “We are very happy to be working with the SBA, Statewide CDC and First Merchants. Thanks to them, we are open in Bloomington and look forward to staying in business a very long time.”

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Bubs Burgers & Ice Cream Bloomington

In participation with
First Merchants Bank
Indianapolis



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Ricker’s Oil Fort Wayne

In participation with
Wayne Bank & Trust Company
Richmond



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Customers who fuel up at Ricker’s Coliseum or Ricker’s Times Corners gasoline and full-service convenience stores in Fort Wayne may notice cleaner surroundings and fully-stocked shelves. A new owner is now operating both stores.

Sukdev Singh, a veteran owner of fuel/convenience stores in Indiana, received SBA 504 financing to purchase and upgrade both Ricker’s locations. Wayne Bank & Trust in Richmond and the Indiana Statewide CDC provided the SBA 504 loan, helping Singh create or save 11 jobs at the two stations.

Dennis King of Wayne Bank & Trust says, “The SBA 504 program fits this project due to the low down payment and long term fixed rate financing offered for the CDC portion of the loan. The staff at the Indiana Statewide CDC has always been great to work with and makes the process flow smoothly.”

The two stores are located on Coliseum Blvd. and Jefferson Blvd. Both locations are selling BP brand fuel, quick eats and other grocery items.

Since Acropolis Fine Greek Cuisine started attracting a following, more people in Evansville’s tri-state region are saying “Be unique, go Greek.”

Doros and Ellada Hadjisavva opened the Acropolis in 2000. This year, the Hadjisavvas bought their building with SBA 504 financing from First Bank and Indiana Statewide CDC.

Ellada Hadjisavva says, “The SBA 504 loan made a big difference for us. It allowed us to complete the purchase of the real estate and become the sole owners of the Acropolis.”

Chris Pfister of First Bank says, “The Acropolis has very, very good food with a high attention to detail. And the Hadjisavvas are well-liked.”

“We suggested the 504 program so they could obtain a long-term, fixed interest rate and start with a lower down payment than we would require.”

About 20 people are employed at the Acropolis.

Ellada and Doros are from Cyprus, but met as college students in the U.S. The family, including three children, has resided in the tri-state region since 1996. Doros’ lifetime love of cooking shows in the Acropolis kitchen. He oversees preparation of many classic Greek, Italian and American dishes.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Acropolis Fine Greek Cuisine Evansville

In participation with
First Bank
Evansville



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Lafayette Community Bank joins Credit Corp

Lafayette Community Bank became the newest member of the Indiana Community Business Credit Corporation by investing in the Credit Corp's pool of risk capital.

A specific local need brought Lafayette Community Bank to the Credit Corp., says Bradley Marley, Lafayette Community Bank president and CEO. **"We were working with Andover Coils, a company founded**

in Lafayette in 1946. Our bank and local government financing helped Andover Coils expand its plant. The Credit Corp. put the final bricks in place with working capital financing."

"This is a big deal for Lafayette and Tippecanoe County because it allowed a homegrown manufacturer to stay and create 60 jobs. We look forward to working with

the Credit Corp. on more projects like this one."

The Credit Corp. is a privately owned company that manages the pool of risk capital provided by its member banks. One of the banks must be a primary lender with at least 50 percent exposure. The Credit Corp. participates in projects that need at least \$200,000 in new financing.

CREDIT CORP'S MEMBER BANKS

Indiana Community Business Credit Corporation was formed by Banks banding together, buying stock in the Credit Corp and providing lines of credit to create a pool of capital. Ultimately this cooperation among competitive banks resulted in a \$30 million fund that provides mezzanine funding for growing businesses.

Thirty-one banks are currently members of the Credit Corp. Each may bring proposals for funding to the Credit Corp. if they cannot fund all of a borrower's needs. Since 1986, the Credit Corp. has funded 129 companies and has directly provided over \$55 million in fi-

nancing packages that have been part of a total of \$265 million in capital. In each case these were companies that could not attract all of the capital they needed from traditional sources.

If you are a business owner looking for expansion capital, be sure your bank considers the Credit Corp. option. To our bankers, consider using the Credit Corp. as a partner in helping these deserving businesses in your community.

KeyBank	Integra Bank—Evansville	Lafayette Bank & Trust Co.
Wells Fargo Bank	Horizon Bank—Michigan City	Regions Bank
US Bank—Richmond	First Financial Bank—Hartford City	Salin Bank & Trust Co.
M&I	STAR Financial—Columbia City	First Internet Bank of Indiana
PNC Bank	Main Source Bank—Brookville	The National Bank of Indianapolis
JPMorgan Chase Bank	JPMorgan Chase, Kentucky	Indiana Bank & Trust
The Huntington National Bank	Citizens Bank—Mooreville	Lake City Bank
Fifth Third Bank—Evansville	North Salem State Bank	First Merchants Bank
Fifth Third Bank of Central Indiana	Marine Bank	Stock Yards Bank & Trust Company
1st Source Bank—South Bend	BMO Harris Bank	Lafayette Community Bank
Old National Bank—Evansville	Community Bank—Noblesville	



The Lynx Advantage

Like any investor we want to back winners. People willing to drive themselves and their employees not to survive, but to excel. People willing to learn, to adapt, and above all, to compete with the resources at hand. Lynx feels the minority market is an environment rich in people who can build companies. We know that capital, linked with a winning attitude, can produce exceptional results.

Lynx focuses on the integrity of the applicant and the potential of the marketplace rather than the debt to equity ratio. With our capital in place, a business can often obtain even more financing from traditional lenders. Our capital helps leverage those opportunities to make your business more successful.

With Lynx by your side, you will enjoy the competitive advantage of capital and service second to none. Call us today at (317) 814-6193.

ELIGIBLE BUSINESSES

Lynx is looking for existing minority businesses who can demonstrate a strong management team, a competitive and unique product with a good growth potential, a relatively significant financial stake in their business, and the desire to be successful. Specifically, Lynx is looking for companies that:

- Have been in business at least 3 years
- Are owned and managed by racial minorities
- Have five or more employees
- Need at least \$75,000

Bob O'Brien joins Cambridge Ventures L.P.



Robert J. O'Brien is returning to his entrepreneurial roots as he becomes one of the Managing Directors of Cambridge Ventures, L.P.

O'Brien was most recently a managing director of CID Capital in Indianapolis. His experience includes 15 years in Silicon Valley in the high technology industry involved in four Venture backed start ups. His fields of expertise include Software, Imaging, Business Services and Clean Technologies.

Cambridge Ventures L.P. is a small business investment company that provides \$100,000 - \$3 million to promising firms. The funds may be in the form of subordinate debt and/or equity. Cambridge Ventures reviews the management team of potential investment targets, followed by reviews of the product and market.

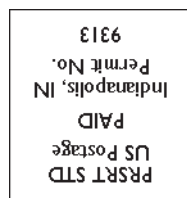
Since being formed Cambridge Ventures has provided more than \$20 million to 44 companies.

“Joining Cambridge Ventures is a great opportunity to work with the entrepreneurial community,” says O'Brien. **“I respectfully understand and appreciate the pathway for entrepreneurs. They are a source of some of the most exciting ideas in technology and business, and we hope to help them avoid the pitfalls that many experienced early in their entrepreneurial career.”**

You can reach Bob at (317) 814-6192 ext. 131.



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